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EXECUTIVE COMMUNICATION,

ENCLOSING THE COMMUNICATION OF

FRANCIS THOMAS, ESQUIRE,

PRESIDENT OF THE CHESAPEAKE AND OHIO CANAL COMPANY.

JANUARY 14, 1841.

EXECUTIVE COMMUNICATION.

BY THE HOUSE OF DELEGATES

January 14th, 1840.

Read and referred to the Committee on Internal Improvements.

January 14, 1841.

To the House of Delegates :

I send herewith a communication, which has just been received from the President of the Chesapeake and Ohio Canal Company.

WM. GRASON.

OFFICE OF THE CHESAPEAKE AND OHIO CANAL Co.

Frederick, January 8, 1841.

Sir:—During the last session of the General Assembly of Maryland, frequent calls were made on the President of the Canal Company for information, by the Senate and House of Delegates, and it often happened that each body asked for the same thing. This was calculated to impose upon the clerks in the Canal office unnecessary labor, and to avoid it, I took the liberty to make to you a communication, containing, as I thought, all the intelligence respecting the condition and management of the company, that could be useful to either branch of the Legislature. Recently I have received an order adopted by the House of Delegates, requesting the President of the Canal company to report, as early as practicable, “ what progress has been made during the present year towards the completion of the said canal; the situation of the finances of said Canal company; what amount of sterling bonds have been sold

during the year 1840; to whom sold, and at what price; and the number of the bonds in the hands of the company unsold; the amount of scrip which has been issued by the company during the year 1840, and upon what authority said scrip has been issued; also to communicate to the house what removals and changes, if any, have been made during the year 1840, in the officers of said company, and the causes of the removals and changes."

Apprehending that similar information may be needed by the Senate, I propose to furnish to you, and ask the favor to have it laid before the Senate and House of Delegates, an exposition of all the proceedings of the Board of Directors since the date of my letter to you in February last, of general interest, or called for in the order of the House, and not contained in my letters or report of Mr. Morris, recently forwarded.

1st.—Of the work done during the year 1840, on the canal under construction, and of the finances of the company. Reference is made, on these subjects, to reports from the Chief Engineer and the Chief Clerk, in the Appendix.

In my letter to you of the 10th February last, the work *paid for* up to the 1st January, 1840, was stated to be

\$2,050,128

To that sum the estimate for work done in December, 1839, not then paid for, is to be added, say

53,162

And we have work done on the 50 miles, on the 1st January, 1840

\$2,083,298

In the report of the Chief Engineer, to be found in the Appendix, the work done on the 50 miles, from the 1st January to the 31st December, 1840, is stated to be

531,160

\$2,614,458

Deducting this sum from the amount which, according to Mr. Fisk's revised estimate of December, 1839, the 50 miles of canal are to cost

4,440,350

And we require to complete the canal

\$1,825,892

This sum may be made less in the estimate now being prepared under the direction of Mr. Morris, the chief engineer.

In addition to the amount required to finish the canal, the

company will need, to redeem evidences of its debts issued, and to pay for work done, if the State bonds unsold command their nominal value, \$500,000; and if the State bonds unsold, are disposed of, as it is probable they will be, at 80 in the 100, the company will need, for the purposes above named, \$700,000. In this statement no estimate is made for the payment of interest to accrue *hereafter* on the \$2,000,000 loan, or on the bonds issued under acts of the General Assembly of Maryland, ch. 386 and 396, passed December session 1838, or for the repayment to the State of the interest advanced to the Canal company on the last named bonds during the past year. If it is the design of the Legislature to furnish to the Canal company the means to pay its debts to the State, in the mode heretofore adopted, it will be necessary to add to the appropriation made to redeem the scrip of the company and complete the canal, an amount of bonds sufficient to accomplish that purpose.

In further corroboration of the opinions of the Board, and Chief Engineer, as to the sum required to complete the canal, I have appended a letter from Mr. Michael Byrne and Mr. Patrick O'Neal, who are well qualified for the undertaking, proposing, "to complete every description of work, between Cumberland and dam No. 6, which is now considered necessary to the opening of the navigation of the canal, at the aggregate amount of the estimate of Chas. B. Fisk, Esq., of the cost of these 50 miles in 1839, deducting, of course, the proper sum for works since finished, and now under contract. Most unfortunately, for the best interests of the State, the Legislature adjourned, last year, without making an appropriation to the Canal Company.

Of the causes which lead to that event, it is not now my province to speak, except so far as may be necessary, to vindicate and explain my own course, on that occasion.

The misrepresentations and misconstructions to which my conduct was subjected, will, I hope, be considered an abundant apology for the brief retrospect I propose.

At the time the Legislature was deliberating upon the measures projected to continue the construction of the canal, the company had, in the hands of their agents in London, £133,000, of Maryland 5 per cent sterling bonds, (\$591,111.11,) and \$51,000 of Pennsylvania 5 per cent certificates. Of these funds, £44,000 (\$195,555.55) only, were required to pay all the debts contracted by Mr. Peabody on account of the company. At the same time, the company held in this country, un-

sold, in 5 per cent sterling bonds of the State £97,375. (\$432,555.5.) and was then relieved from that enormous debt, which had been, most unwisely, contracted in such a manner, that those to whom it was due, could at any time compel a payment. The debts then unpaid, consisted of interest to the State, accrued and accruing, scrip, acceptances, &c., all being in such a form, and claimed by such parties, that compulsory measures to enforce immediate payment, were not apprehended. Thus circumstanced, the Canal Company appeared before the Legislature. The Board of Directors, desiring to comply with all its engagements, and to push on rapidly, with the work under construction. All parties in the Legislature, professed a willingness, to grant the aid applied for, and of several modes proposed, two were particularly urged by their authors, with earnestness and zeal. "According to one, State currency bonds, bearing an interest of six per cent, were to be put in the hands of the President and Directors, to be exchanged at their nominal value, for money, or the evidences of debt of the Canal Company : " According to the other, currency bonds of the State, bearing an interest of six per cent, were to be placed in the hands of the Commissioners of Loans, to be sold at par for money. It became the duty of the undersigned, in behalf of his associates in the Board of Directors, to pass an opinion upon these two propositions. It was done with frankness and candor, accompanied with the declaration, that he was ready and willing to attempt fairly, to execute any law which the Legislature might think proper to enact, intended to furnish the required means. I said then, I believed then, that an issue of Maryland bonds, to the amount proposed, *to be sold for money, at par*, would not enable the Board of Directors, to liquidate the claims against the company, to go on with the canal, and pay interest to the State due or to become due. I was then perfectly satisfied, from my knowledge of the condition of the money market, that the credit of the State would be seriously affected by an issue of a million and a half of bonds, to be offered for sale, in competition with the very large amount of like securities, at that time pressing upon purchasers, in this country and in Europe. I, accordingly, urged with earnestness, all the friends of the canal appropriation, who approached me on the subject, to give power to the party in whose hands the bonds to be issued were to be placed, to exchange them for evidences of debt of the company, at their nominal value, in the event of a failure to sell them for cash.

For so doing I was denounced ; and a most disingenuous attempt has been made, to hold me responsible, in part, for the suspension of the work on the canal, and the inability of the company to meet its engagements with the State. That many fair and honest men have done me injustice in this respect, I am prepared to believe. I ask, now, all such, to review their opinions by the light of experience.

During the last session of the Legislature, an issue of State bonds, to the amount of \$800,000 was authorized, for the benefit of the Susquehanna, and the Annapolis and Elkridge Rail Road companies. These bonds were placed in the hands of the Commissioners of Loans, to be converted into money, at their par value. In the appendix will be found a letter from the Commissioner, in reply to one from me, in which it is said, "I found it impossible to sell any amount of this stock for money, and, I therefore assumed the responsibility of selling for the liabilities of these companies, that were intended to be paid from the sales of the stock. It would have been impossible for me to have sold, within the last twelve months, \$100,000 six per cent stock of the State at par. The stock of the corporation of Baltimore, (which many of our capitalists prefer to State stock,) has been constantly pressed upon this market at 2 to 3 per cent below par."

Seeing this result of an experiment, in favor of two public improvements, I feel well assured, that no fair man will persist in propagating the opinion, that I and those who concurred with me, erred in remonstrating against the passage, at the last session of the Legislature, of a bill for the relief of the Canal Company, like that which failed entirely, to furnish funds to the Susquehanna and Annapolis Rail Road companies.— Having considered the bill which was repudiated, the occasion will justify a brief exposition of what might have been the effect of the other bill, if it had become a law—which was, under a deep conviction of its importance, urged earnestly and respectfully upon the members of the Legislature. It has been shown that the Canal Company held, when measures for its relief were under consideration in the General Assembly, bonds of Maryland and Pennsylvania, of the nominal value of \$1,074,666. Estimated at 80 in the 100, a price below which none of them have been sold or quoted, since January 1840, they would have yielded, if disposed of in this and the next year, \$859,733, a sum sufficient to have paid the debt due on account of the company, by Mr. Peabody, (\$195,555) and to have left a

balance of \$664,178, to be applied to the payment of interest due to the State. The Board could have applied that balance to the payment of the interest, if, by a further issue of Bonds, to be exchanged for the liabilities of the company, they had been armed with means, acceptable to the holders of canal scrip and acceptances. And seeing that the scrip issued by the Baltimore and Ohio Rail Road company, which is redeemable in the bonds of the corporation of Baltimore, circulates freely at par, there can be no good reason to doubt that the holders of evidences of the canal debt, would have consented to the funding of them in the manner mentioned. In that event, the Board, without the proceeds of the sales of the 5 per cent sterling bonds, would have been prepared to pay all the debts of the company, payable in this country ; to redeem any and all scrip then circulating, or to be circulated ; to go on with the canal, and to send to Messrs. Baring, Brothers & Co. the £97,375 of sterling bonds in this country, to be added to the securities already in their hands, the whole to be disposed of, to meet Mr. Peabody's engagements, and to aid the Treasurer of the State in the payment of the interest falling due in London, for the years 1840 and 1841. This was the plan of operations devised : this was the design of the undersigned : and he feels well assured, that by such a proceeding, the canal might have been completed in time for the spring trade of 1842 ; after which the profits of the canal stock of the State, would have aided materially to pay the interest on our public debt. Most unfortunately, the appropriation was withheld : the work on the canal has been partially arrested : its completion is postponed, inevitably, to the year 1843. The surplus revenue received from the General Government, the interest on which was intended to be applied to increase the school fund, has been used to pay the State's interest in London ; and the finances of Maryland are so completely deranged, that the most sagacious and firm of her statesmen, look upon the future with apprehension.

This condition of things, was clearly foreseen, and most sedulously did I devote my time to the devising of means to guard against the threatened catastrophe. Having been thwarted, by those who did not substitute for the rejected measures of the Board some more effectual plan to protect the vital interests of the State, indented with the fate of the Canal Company, I must be pardoned, for this remonstrance against the injustice done to me, in an attempt, to hold me in any degree

responsible for the calamities now lowering over the people of Maryland.

2nd. Of the disposition made of the 5 per cent sterling Bonds. A Report from the Treasurer, hereto appended, will furnish the information called for by the House of Delegates, as to the sales of bonds during the year 1840. The whole amount, it will be perceived, of which the Board have notice is £5,750. Besides these sales, Mr. Gittings and Mr. Swann have disposed of a part of the bonds conveyed to Trustees for the redemption of scrip issued prior to June 1st. 1840. Those Gentlemen have been requested to make a statement, showing the amount sold and the terms of each sale, and it is expected, that it will be received in time to be appended to this.

It is not in the power of the clerks of the canal office to reply with certainty to that part of the order of the house in which a statement of the names of the persons to whom the sterling bonds have been sold in 1840, is called for. The late Treasurer kept no book containing such information. Speaking from recollection, I can say, that of £5,750 sold, W. W. Corcoran purchased £4,250 at 85: one bond of £250 was given in part payment of a judgement, at 85: one of the contractors received, in part payment of an estimate. £500 at 89: another contractor took also, in part payment of an estimate, £250 at 90; and the balance sold in 1840. £500, was, I believe, disposed of to one of the banks in the district at 87.

It is proper to remark, here, that there is prevalent an egregious error on the subject of the sale of the bonds issued under acts of assembly passed at December session 1838, during the years 1839 & 1840. There are those who believe that the President of the company, made sale of the very large amount of securities which have been unavoidably forced upon the market. Such a belief is without the slightest shadow of foundation. The board of directors finding that the creditors of the company would not wait until there was a change in the condition of the money market, appointed various agents to dispose of the bonds. The President acted as an agent in but two instances. He made sale of £25,000 in New York, and of those transferred to the contractors above named. Mr. Davis and Mr. White, formerly directors, sold, £98,000, to the Baltimore Banks. The chief clerk sold, £2,750, to the Frederick County Banks, Mr. Christmas, of the firm of Christmas, Livingston, and Prime, and Mr. E. Riggs, sold £53,-

250, in New York, under an order of the Board of Directors the Bank of Washington took £15,500, the balance of the Bonds disposed of in 1839 passed through the hands of Mr. Peabody, the agent of the company in London.

All these sales were forced upon the board, by whom they were sanctioned, the creditors of the company, generally, refusing, *peremptorily*, to give further indulgence. They had too, the means to compel a compliance with their demands; being in possession of 6 per cent. currency bonds of the State, with authority to sell them publicly or privately. That that power would have been exerted, if the demands had not been gratified, by many if not all the banking institutions concerned, we have good reason to infer from the correspondence between them and the officers of the Canal company, appended to my letter to you of the 10th of February last. In fact, one of the banks of the State, the Commercial and Farmers', offered the 6 per cent. bonds for sale by public advertisement, and another, the Western Bank, sold, privately, at a great sacrifice, a portion of the 6 per cents. hypothecated with it, without notice, to the Canal company of the time and place when a sale would actually be attempted.

These details are given, in justification of myself and associates in the Board of Direction. The proceeding was adopted under trying circumstances, when heavy sacrifices were unavoidable, and looking back, now, to the condition of the Canal company, when the undersigned became connected with its affairs, he sees no path, better than which was pursued, to extricate the State securities, placed most imprudently in a position to be sacrificed, by those who involved the Canal company in an enormous debt. If the creditors of the company had consented to wait until now, there has been, in the opinion of the undersigned, no period of time since June 1839, within which to sell these Sterling Bonds, on terms better than those reluctantly submitted to.

The Report of the Treasurer on this subject, in the appendix, shows, that the proceeds of all the bonds sold, converted into the value of Baltimore bank notes at the time of sale, is \$3,027,596,90, being only \$125,180,10 less than the par value of an equal amount of 5 per cent. currency bonds. And we know, that two skilful financiers, the President of the Merchants, and the President of the Chesapeake Banks, have not been able to effect a sale, on better terms, of the £90,625 trans-

ferred to trustees for the redemption of canal scrip, although they have now had months to execute the trust.

It is proper here, to point the attention of the Legislature, particularly, to the position in which the £133,000 in hands of Messrs. Barings, Brothers & Company are placed. For, unless effectual means are resorted to, to revive the credit of the State, these bonds will go into the market, at prices much below their *nominal value*. Under the contract entered into between Mr. Peabody and Messrs. Barings, Brothers & Co., in November 1839, they reserved to themselves the option, to make such advances on the Maryland Sterling Bonds, valued at 65 in the hundred, as Mr. Peabody might require, to meet his engagements for the Canal company.

In pursuance of that agreement, Mr. Peabody has asked for, and received, from Messrs. Barings, Brother & Co., £84,000 on the £133,000 held by them. To reimburse themselves, this advance Messrs. Barings, Brother & Co. have authority, under their contract with Mr. Peabody, to make sale, at their discretion, of such an amount as may be necessary of the bonds.— They have been requested to hold the bonds, until it can be seen whether the Legislature of the State, will adopt measures, to pay, punctually, the interest on its public debt. We confidently anticipate, that, if such measures can be devised, the bonds will advance in price, and perhaps, command their nominal value, in the London market. At present, we are advised, they are quoted at 80, which price is said to be nominal, there being, in fact, no sales, to any considerable amount, at any price. We believe that the delay asked for, will be granted by the agents of the company and hope, that, the action of the Legislature, will be such as to revive the credit of the State. Under present circumstances, good sales of Maryland securities cannot be made. It is well known, that, no permanent provision has been made to pay the interest on the debt of the State except, a contract with the several companies for whose benefit the State bonds have been issued. According to that contract, these companies are bound to provide funds for the payment of the interest on the bonds issued for them respectively. The Baltimore and Ohio Rail Road Company, alone, it is believed, has an income sufficient to comply with the engagement. The Canal Company, has not, and never had, an income, exceeding fifty thousand dollars per annum, a sum merely sufficient to pay for repairs requirad, and officers em-

ployed, on that part of the canal now finished. As soon as these facts became known to me, and an opportunity offered to communicate them to the Legislature, it was done. And I took the liberty to express the opinion, that it was due to the character and dignity of the State, that this system of financiering should be abandoned. This proceeding, I regret to say, excited towards me much animosity. But is the existence of such feeling either generous or just? I was no volunteer in the matter. The President and Directors were held responsible for the non-compliance with an engagement deeply affecting the interest of the State. Could it be expected, or desired by any one, that we should stand mute? Was it not due to ourselves, and the whole State, that the cause of our failure to pay the interest should be disclosed? No evil motive was imputed to others. In vindication of myself and associates in the Board of Directors, I was compelled to speak, and in speaking, stated nothing but the truth. But, besides, is it not due to all parties interested, that there should be no concealment on this important subject?

The debt of the State contracted for this Canal Company, is now more than \$7,000,000. When the canal is completed, if completed by funds advanced by the State, the State debt entered into for that company, will be about \$9,500,000. If the income of the Canal Company be as great as its most sanguine projectors anticipate, the interest on this large debt will doubtless be punctually paid. There are those, however, who apprehend, that many years must elapse before the trade on the canal will yield a profit of \$600,000—the sum required to pay the interest on the bonds issued and applied for. If time shall prove that the last opinion is well founded, it will be satisfactory to all concerned, on revising hereafter, the measures now to be adopted, to find that they have placed the credit of the State beyond the influence of such contingency. Other considerations influenced the course of the undersigned, in his communication to the General Assembly of Maryland on this point, at its last session.

Maryland to secure the punctual payment of the interest on her advances to the Canal Company, holds mortgages on all their property and revenues.

The General Government, the State of Virginia, and corporations of Georgetown, Washington and Alexandria, hold a large amount of stock in the Canal Company. A foreclosure of the Maryland mortgages, would work a forfeiture of this

stock. If the interest on the Maryland loans is punctually paid, these mortgages cannot be foreclosed. Until the 3d day of June 1839 the United States, the State of Virginia, and the District cities, through their representatives in the Board of Directors, controlled all the proceedings of the company. That a Board of Directors thus organized, should have paid the interest to Maryland, by the sale of the bonds of the State, is not surprising. By so doing, the property of those they represented, was saved from sacrifice. But, could Marylanders be justified in increasing the debt of the State by sales of its bonds, (especially after they were saleable for only 70 in the 100) to exempt from forfeiture the canal stock of other parties, much more able than Maryland is, to furnish the means to extricate the Canal Company from its embarrassments? I thought not. My colleagues in the Board of Directors, from this State, concurred with me in opinion, and being a majority in the direction, we, from a sense of duty, determined, to arrest a procedure of which we decidedly disapproved. By that determination injustice is not done to any of the parties interested. Maryland may, if the authorities of the State think proper, endeavor to foreclose the mortgage, unless the other stockholders will come forward and furnish the means to the canal company, to pay its debts, and complete the work under construction.

3d.—Of the scrip issued as evidences of debt by the canal company. The amount of scrip issued at different times by the President and Directors, when possessed of no other means of satisfying the demands of their creditors of the company, is exhibited, particularly in the statement of the chief clerk, “of the debts and credits of the company,” in the appendix.

The scrip issued prior to June 1839 now in circulation, is \$11,427.25. Of the scrip issued since June 1839 and prior to June 1840, there are in circulation, and in hands of trustees 299,875.00. Of the scrip issued, since July 1840, there are in circulation 453,406.92. The Legislature were informed at its last session, that 5 per cent sterling bonds had been conveyed to trustees, for the redemption of all the scrip which was then issued bearing the signature of the present President of the canal company. The amount of which, as found above, is \$299,875. We have no means, now, of showing what portion of that scrip is still in circulation. The trustees appointed to redeem it and who have had £90,625 of the Maryland 5 per cents conveyed to them for that purpose, have not closed their

trust. It is presumed, that nearly all of it has been paid into the Chesapeake Bank of Baltimore, which institution, liberally, makes large advances for its redemption, relying upon a sale of the bonds for the payment. The canal company has nothing to redeem the \$453,406.92 of scrip issued since July 1840, except the funds in the hands of the Barings, Brothers & Co., amounting, if the sterling bonds unsold can be sold at their nominal value in London, (of which there is no probability.) to \$258,577.77. No part of the last named scrip will become due before the 9th of April 1841; and it is for the stockholders of the company to decide, in what form, and when, its payment shall be provided for.

The President and Directors, believe, that the circumstances, under which they consented to execute the order of the stockholders for the issue of this scrip, are not properly appreciated.

It is true, that, by arresting the work in progress, as soon as the General Assembly adjourned, the directors could have avoided adding to the scrip then paid out. By such a proceeding, however, the company would have been liable to pay damages to five of the contractors to whom work was let by the old board of directors, a few days before they were superseded; one of those contracts was to be completed on the 30th of November, and the other four on the 31st of December 1840. And the parties, holding them refused to abandon at the time named, and have persisted in refusing since. If the board, without their consent, had omitted to pay the monthly estimates from time to time, in some form acceptable to them, actions for damages would have been brought, and a jury must have allowed large amounts to men who had encountered great expense and had submitted to many privations to comply, on their part, with the obligations of their contracts. The work on the great tunnall, could have been suspended. We learn from the report of the chief engineer, forwarded to you recently, that that great work cannot now be *certainly* completed, in less time than thirty months. And as ten months' progress has been made on it, since last spring, if it had then been abandoned, to be recommenced next April, forty months labor would still have been required to complete it. And, as active trade in the canal cannot begin, until the tunnall is finished, the Stockholders would have been without dividends, until July 1844. Looking to these consequences, I cannot but believe, that the determination to gratify the request of the

stockholders, so far as the 5 sections and the tunnall are concerned, must be approved by the legislature.

There was another class of works, continued when others were abandoned on the 15th of December 1839, and persevered in after the 1st of June 1840. The time for completing this class had expired, and the Board had power to abandon them, yielding, however, to the opinion of the chief engineer, the contractors on them were severally authorised to proceed. The Board was informed, that the sum of \$60,000 would complete them all, and it was supposed to be decidedly advantageous to the company, to proceed; as the cost of recommencing these contracts, would bear a large proportion to the amount needed to finish them.

Besides the works above enumerated, there were a few contracts at first suspended, and afterwards, at the instance of the chief engineer, recommenced. And a very small amount of work was let, upon which less than \$10,000 was expended, which the chief engineers of the company have concurred in saying was necessary to protect sections already finished.

The whole amount of scrip paid out since June, 1840:

For monthly estimates for work on the 50 miles,	
is stated to be	\$203,241 42
Of which was paid on the tunnel and the five sections mentioned above, that all will admit ought not to have been abandoned	114,828 60

\$88,412 82

The balance of the scrip issued after the 1st of June, 1840, was put out for acceptances of the company, given for work done before the last session of the Legislature commenced, for improvements and repairs on the finished canal, for salaries to officers, and for existing debts which the board had no other means to pay. As this did not increase the amount of the debts of the company, but simply changed their form, I presume that the conduct of the board, in this particular, will be exempt from criticism.

These being the facts in the case, we then have an issue only of \$88,412 82 as to the policy of issuing which there can be, I think, any contrariety of opinion.

In the appendix will be found that part of the proceedings of the stockholders at their general annual meeting in June, 1840, relating to the issue of this scrip. There may be seen the authority under which the board proceeded, and the motives

influencing the stockholders. Memorials from many merchants and others of Allegany and Washington counties, and from the contractors on the canal, were laid before the meeting, and after mature consideration, the following resolution was adopted by a unanimous vote of those representing the stockholders, viz.

“Resolved, That the President and Directors of the Canal company be, and they are hereby authorised and recommended to continue in progress, the work now under contract on the line of the canal, and to issue their scrip in payment for the same, bearing an interest of 6 per centum per annum, and redeemable at any time not exceeding twelve months, when money for that purpose cannot be readily raised by a sale of Maryland State bonds at a reasonable rate.”

The adoption of this resolution the directors considered authority sufficient for them to do what has been done, inasmuch as they know of no law in the District of Columbia, or in Maryland, denying to the canal company the right to issue evidences of its debt in the form which may be most convenient, especially if none of these evidences of debt are, as they were not in this case, of less denomination than five dollars. The directors were confirmed moreover in their views, from the well known fact that their predecessors repeatedly, without incurring the censure either of the stockholders, or of the Legislature, and with the general approbation of the people of Maryland most interested, exerted the credit of the company in the same form, when there was no other effectual means of gratifying the demands of their creditors.

In the proceeding will be found, I believe, a full and very particular reply to the order of the House of Delegates of the 30th of December, except that part which calls upon the President and Directors to state “what removals and changes, if any, have been made during the year 1840, in the officers of said company and the causes of the removals and changes.” Extracts from the journal of the directors, showing the acts of the board on that subject, are in the appendix. That they may be understood, a few words of explanation are necessary; in making them I must be considered, where reasons for acts done are stated, as speaking for myself, and not for my associates in the board. Their reasons are not on the record of our proceedings, and can be given by themselves alone. It will not be expected of me, I presume, to make a personal application of my remarks to the several persons concerned, such

a proceeding would be unpleasant, to me, and to them, and would lead to endless controversies. I will state the facts in the case and the principles upon which I have acted, without reserve, and apprehend, that, in so doing a satisfactory response, to the enquiry of the house, will be given. There were, when a change was made by the stockholders in the direction in June 1840, in the employment of the Canal company, 118 officers, whose annual compensation amounted to \$70,635,75. There are, now, in the employment of the company 61 officers, at an annual compensation of \$36,500,00. From these facts, it will be perceived, that, 57 offices have been abolished. The survey to ascertain the practicability of crossing the Alleghanies, with the canal, west of Cumberland, was arrested, and those engaged in it were discharged; from a belief that the stockholders of the company, had not and would not speedily have, the means to construct a canal beyond the eastern base of the mountains. Of the officers engaged on construction, between Dam No. 6 and Cumberland, 47 have been discharged. If an appropriation had been made, at the last session of the Legislature, the services of many of these officers, in my opinion, could have been dispensed with. In the absence of such an appropriation, much of the work in progress was abandoned, and as several contracts were completed from time to time, the directors considered it to be their duty, to diminish the number of officers under pay. In doing this, they were obliged to perform an unpleasant duty, in selecting those who were to be continued in service. In discharge of that delicate duty, the undersigned, feels entirely confident that the board have done exact justice to all concerned, and have consulted, especially, the best interests of the State as a stockholder. On the line of unfinished canal, no person was removed from office to create a vacancy, except in the case of Mr. Bryan, who declined to give the bond which the regulations of the board makes indispensable. On that part of the canal which is finished, a change has been made, by removal, in four lock-keepers, against three of whom misconduct was alledged and believed to exist.

As they are not personally known to me I have judged of them from representations of others, in whom I placed confidence. The other lock-keeper was removed because he held, and now holds, the office of superintendant, the duties of the

two, being considered incompatible. A change has been made in the superintendants of the 2nd, 3rd and 4th divisions of the finished canal. One of them held when the change was made, the offices of collector of toll, and keeper of the inlet lock at Harper's Ferry, which appointment he holds now. No one of these superintendants was a citizen of Maryland, until they were employed on the canal. Marylanders were appointed in their stead. From the character of the times, it is right to add, that one of them was a political friend, and two of them were politically opposed to the undersigned; and that the two last referred to, took pleasure in manifesting such hostility to the President of the company, as to justify the belief, that they could not fairly and cheerfully, co-operate, in carrying out any measure, for the interest of the stockholders, having its origin with him, and calculated to do him credit.

When the office was removed from the city of Washington, two of the clerks, citizens of the District of Columbia, were superseded, in appointment, by citizens of Frederick. To the valuable offices vacated, and not abolished, viz: Commissioners, Superintendants, Chief clerk, Treasurer, assistant clerk, and Rodmen, 8 in number, 4 friends and 4 political opponents of the President and Directors have been appointed.

The undersigned adds, in candour, that he would have preferred to have made selections from his own political friends, in the instances mentioned. Being, aware, that, for the first time, since the canal company was incorporated, there is, now, in the State, a powerful combination intent upon annihilating his hard earned-reputation, for honesty and patriotism, he has desired to have, as far as practicable no principle agent to aid in the discharge of a most arduous and unprofitable office, on whose friendly designs and cordial good will he could not confidently repose. It affords him pleasure, to say, that he is well satisfied, now that the new officers of the company, last referred to, are eminently qualified for the performance of their duties, and incapable of sacrificing the vital interests of the State, as involved in the fate of the Canal company, for the gratification of unholy and unjust personal malevolence.— They have, I believe, no personal resentment towards the President of the company, springing unworthily from political differences, and if they had, I am well assured that they have too much elevation of character, to seek their indulgence at great loss to the whole State.

All the officers of the Canal company, as far as my observation has extended, are capable.

In conclusion, the undersigned asks permission to offer a very few remarks personal to himself. The fact that he has for years been unsparingly assailed, will be, by magnanimous men, considered a sufficient apology for so doing.

In June 1889, he entered upon the discharge of arduous official duties, as President. The Canal company was involved in a debt of more than \$3,000,000. It was obvious to the most superficial observer, that this debt could not be paid without heavy losses to the company. By standing aloof, and permitting the several creditors of the company to pay themselves, according to the stipulations of these several contracts, the undersigned could have escaped all responsibility. He and his party might have profited by these losses, as they would have been charged to the mismanagement of the old board. He disdained to take a course having such objects in view. He undertook to meet the promises of his predecessor, with as much zeal as he would or could have devoted to his own private concerns. His State was to be the sufferer from neglect, and a knowledge of that fact was sufficient to make him exert all his energies. During the whole of the fall of 1889, he gave up his whole time and attention to the matter, neglecting every personal concern. And what was the conduct of many of that party, whose agents had placed the affairs of the Canal company in a most perilous condition? Instead of encouraging the undersigned and his associates in the board, in the undertaking to save the reputation of their predecessors, and protect the interests of the State, the embarrassed condition of the Canal company was exposed by publications in the newspapers and otherwise, its creditors were alarmed, and every effort to guard against impending losses was measurably thwarted.— And even now, after the last Legislature called for full information, without finding any thing to condemn and though the general committee of stockholders, appointed last June, a majority of whom were politically opposed to the President, examined his proceedings, and sanctioned generally the line of conduct pursued, the same course of hostility is persisted in, to the great injury of the work committed to his charge. Relying, however, on the correctness of his own intentions, he is ready, at all times, to meet the most searching scrutiny, which

the Legislature may think proper to make into his official conduct.

With sentiments of the highest respect, I am yours &c.,

FRANCIS THOMAS,

President Chesapeake & Ohio Canal Co.

His Excellency,

WM. GRASON, *Governor of Maryland.*

APPENDIX.

[A.]

Letter from Chief Clerk as to Scrip of 1840.

CANAL OFFICE,

Frederick, Jan. 6th, 1841.

The President and Directors of the Chesapeake and Ohio Canal Co.

Gentlemen—Pursuant to your order of the 2nd inst. I have prepared the statement required in response to the order of the House of Delegates, passed on the 30th ult.

By which it will appear that since June, 1840, pursuant to the order adopted by your board on the 17th June last, the total issue of scrip of 5, 10 and 20 dollar notes, has been to the first

instant,	\$492,360 00
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Of which sum there remained on hand on that

day, never paid out	\$16,264,03
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In the hands of commissioners, also unexpended,

	8,629 05
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Returned in payment of Toll by the collectors, and in office,

	14,060 00	38,953 08
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Leaving in circulation on the 18th inst.

	\$453,406 92
--	--------------

I have purposed to prepare, for the board themselves, a statement exhibiting the specific objects to which the scrip has been applied—and at stated periods, hereafter, similar statements—so that the board may at all times be informed of the amount outstanding, and the objects for which it had been used.

Since the removal of the office to this city, all the scrip, as it is matured for circulation, by signing, &c. has passed into my hands

and then been paid out by me; and I have considered it proper, and in every way expedient, to keep a book, in which I have opened an account with myself, charging all scrip received, and crediting all paid out. The entries are made at the time of the respective transactions.

Previous to the removal of the office, the duties above were devolved on Mr. Fillebrown, then assistant clerk.

I presumed, of course, that he kept a book similar to that now kept by myself, and that he had left the same in the office. Not finding such, I addressed him a letter, asking where I could find it. His reply states, that he kept no such book, but that what he did keep of the transactions, was a mere memorandum of his own, and *which was private*. I have since asked a copy of that, but, although, I have received a letter from him in reply, the copy is not sent.

The board must be aware that, by keeping such book, or account of the scrip, *exclusively and independent of the Treasurer's account and books*, at all times, when information is wanted, as to the purposes and objects to which the scrip has been applied, great facility is afforded in obtaining it, otherwise the only way is by resort, not only, to the Treasurer's books,—the accounts of respective individuals,—but to original vouchers, as in no other way, can a payment of scrip be disclosed—there being no distinction between the funds used—scrip or other—in the requisitions, of course, this imposes great labor, and requires much time to prepare the statement, more than I have had at command to the present moment.

To facilitate me in the purpose in view, was the inducement, to asking of Mr. F. as I did. His refusal to comply, I cannot but regard as evincing a disposition to embarrass myself and others, now, in office. Especially, as he had intimated, *voluntarily*, that at all times, any information needed, and which he could give, would be with pleasure, afforded to me, with whom he had ever been most friendly. Fortunately, it is not essential, but the information can be had without the paper sought for.

It is with no pleasant feeling, on my part, that I draw the conclusion from his course. The friendship and sympathy I have sincerely felt for that individual, would induce me to hope that it is erroneous and nothing would give me more satisfaction, than to hear future reasons to change my mind.

Individually, I have been, at all times, on social and friendly intercourse with the old officers of the company, and I certainly did believe, that each and all of them would be ready to give all aid in their power, to those who have succeeded them; and who could not be expected otherwise than, at some time or other, to be found in need of information as to the *multifarious papers and transactions* of this company, with which its old officers, were necessari-

ly, familiar. A regard for the interests of the company itself,—in whose service they had long been, I should think, if no other motive, would induce them to observe such conduct on their part.

Very respectfully, yours,

THOS. TURNER, Cl'k.

Ches. and Ohio Canal Co.

[A 1.]—*Statement of Debts and Credits of the*

Liabilities of George Peabody, agent in London, are supposed to be liquidated, but his final account is not rendered.

Notes in circulation issued by the Company, viz:—

Under the denomination of \$5, issued prior to June 1839,

6,172 25

of 5, 10 and \$20 not bearing interest, issued prior to June 1839,

4,680 00

of 5, 10 and \$20 bearing interest issued prior to June 1839,

575 00

of 5, 10 and \$20 since June 1839, and prior to June 1st 1840, bearing interest.

299875 00

of 5, 10 and \$20, since June 1st 1840 bearing interest

\$492,360 00

311,302 25

Deduct amount in

office, \$16,264 03

in hands of Com-

missioner, 8,629 05

received for Toll, 14,060 00

38,953 08

Leaving in circulation,

453,406 92

Acceptances in favor of Contractors,

92,002 00

Final estimates unpaid,

28,980 00

Money retained under contracts,

77,935 00

Work done in December, estimated at,

30,000 00

Due for Lands condemned,

46,827 00

Interest due to the State of Maryland on

Loan of \$2,000,000,

175,000 00

Other outstanding claims estimated at

60,000 00

Due to the State of Maryland on account of interest paid by Treasurer on 5 per cent sterling bonds issued for benefit of canal company under acts of Assembly, chap. 386 and 396, passed December session 1838, amount not yet ascertained,

\$1,275,453 17

*Chesapeake and Ohio Canal Office,
Frederick, January 1st, 1841.*

Chesapeake and Ohio Canal Company, January 1st 1841.

Five per cent Bonds of the State of Maryland remitted to George Peabody of London,	£777,000	
Of which there has been sold	644,000	
Balance in the hands of Baring Bro. & Co.,	133,000	
Deduct from their value, advanced by Baring Bro. & Co. to George Peabody to meet his liabilities for the company,	84,000	
Balance at par value,	49,000	\$217,777 77
Also with Baring Bro. & Co. the proceeds of \$51,000,		
Pennsylvania Bonds,	9,180	40,800 00
Maryland 5 per cent Bonds conveyed to James Swan, John S. Gittings and Wm. Gunton, Trustees to secure the redemption of promissory notes issued prior to June 1st 1840,	90,625	402,777 77
With Commissioner of Loans to meet \$37,333 33—6 per cents,	8,500	37,777 77
In Loan Office, on account of difference between Commissioner & State Treasurer,	1,750	7,777 77
Due by Stockholders \$154,129 73		
Deduct for bad debts, 100,000 00		
Balance due by Stockholders, \$54,129 73		54,129 73
Cash in Banks,		4,423 10
Advanced to John Buchanan and T. Emory State Commissioners to negotiate loan,		8,000 00
In the hands of M. C. Sprigg, former Commissioner, not yet accounted for,		3,029 94
Small amount in the hands of Collector not ascertained		
Balance,		498,959 32
		<hr/> \$1,275,453 17

THOMAS TURNER,
Clerk of Ches. and Ohio Canal Co.

[A 2.]

Work done during 1840.

CANAL OFFICE,
Fred. Md. Jan. 1st 1841.

To the President and Directors of the Ches. and Ohio Canal.

Gentlemen—Fulfilling in part your order of Dec. 17th 1840, I leave at your office this day a General Report upon the affairs of the canal; and I enclose two statements, numbered 1 and 2 showing the amount of work actually done during all 1840. upon the 50 miles of unfinished canal below Cumberland.

No. 1. Showing the work done on the 25 miles, next below Cumberland.

No. 2. Showing the work done on the 25 miles next above Dam No. 6.

These two statements covering the whole 50 miles of unfinished canal show that in all 1840, work of every kind upon the canal to the amount of \$531,160 63 has been done, in the several following periods of that year, viz :

Periods.		On the Sections.	On the Masonry.	Totals of both.
By Statement 1 on the 25 miles next Cumberl'd	From Jan. 1, to Ap. 31, '40	\$45,980 32	20,451 21	
	From May 1, to Dec. 31, '40	104,940 75	54,967 49	
	Total during 1840	150,921 07	75,418 70	226,339 77
By Statement 2 on the 25 miles next Dam No. 6	From Jan. 1, to Ap. 31, '40	91,079 97	1,836 92	
	From May 1, to Dec. 31, '40	199,225 92	12,678 05	
	Total during 1840	290,305 89	14,514 97	304,820 86
				\$531,160 63

Aggregate done on the 50 miles, in all, 1840, upon the Sections, \$441,226 96
Masonry, 89,933 67

Total \$531,160 63

The enclosed statements have been derived from the actual final and monthly estimates of the various works, due up to Jan. 1st 1841.

Upon the general estimate you have required of me, the whole engineer force in your service is now industriously at

work, and it will be ready for presentation as I have before informed you, by a date *not later* than the 15th of Feb. next, and as much earlier as may be found possible.

For the present, I will declare to you my belief (founded upon the progress of that estimate) that by dispensing with some unnecessary or rather not indispensable works, heretofore included, and with the reduction in the estimated prices which the present favorable time for letting work, justifies me in making, I shall be able—safely and without underrating the probable cost of the unfinished work—to reduce materially the anticipated expense of the unfinished 50 miles of canal, as estimated in 1839; or in any event not to increase it.

I am Gentlemen, very truly, and respectfully,

Your obedient servant.

ELLWOOD MORRIS,

Chief Engineer.

No. 1.—Work done during 1840 on the 25 miles next below Cumberland.

SECTIONS.

MASONRY.

Name of Work.	Total done during 1840.			Name of Work.	Work done from Jan 1, 1840, to April 31, inclusive.		Work done from May 1, to Dec. 31, inclusive.		Total done during 1840.
	Work done from Jan. 1, 1840, up to April 31st, inclusive.	Work done from May 1st to Dec 31st inclusive.	Work done from Jan 1, 1840, to April 31, inclusive.		Work done from May 1, to Dec. 31, inclusive.				
Section No 317	\$3 842 38	12,729 17	16,571 55	Culvert No. 234	87 20			87 20	87 20
318	7,812 52	39,241 42	47,023 94	235	60 00			60 00	69 00
320	12,951 95	26,377 97	39,329 92	236	234 75			234 75	234 75
322	1,474 75		1,474 75	237	218 75	1,438 75		1,438 75	1,657 50
329				139	618 25			618 25	
344	2,905 70	7,730 30	10,636 00	Aqueduct No. 11	1,007 30	8,734 30		8,734 30	9,741 60
350	3,377 75	5,467 75	8,845 50	Lock No. 72	3,455 45	7,442 50		7,442 50	10,897 95
353	988 47		988 47	73	1,325 00	11,548 00		11,548 00	12,873 00
356	312 12		312 12	74	5,306 05	1,289 75		1,289 75	6,595 80
358	1,299 19	444 77	1,743 96	75	730 00	506 00		506 00	1,236 00
367	6,772 04	12,495 57	19,267 61	Dam No. 8 and Grand Lock	7,373 46	23,873 19		23,873 19	31,246 65
354		483 80	483 80	Culvert No. 241	35 00	135 00		135 00	170 00
321	1,975 50		1,975 50		20,451 21	54,967 49		54,967 49	75,418 70
329	462 51		462 51						
342	371 17		371 17						
347	234 55		234 55						
357	124 14		124 14						
361	1,075 58		1,075 58						
	\$45,980 32	104 940 75	150,921 07						

Ferry on

MASONRY.

SECTIONS.

Name of Work.	Work done from Jan 1, 1840, up to April 31, inclusive.	Work done from May 1, to December 31, inclusive.	Total done during 1840.
Lock No. 55, Pud. & cmb. of Culvert 201,	108 12	3,537 76	3,645 88
Lock No. 56, Aqueduct No. 8,	760 46	1,306 60	1,366 60
Aqueduct No. 9, Lock No. 58, Culvert No. 206,	744 07	7,380 34	760 46
	224 27	453 35	744 07
	1,836 92	12,678 05	7,380 34
			224 27
			453 35
			14,514 97

Name of Work.	Work done from Jan 1, 1840, up to April 31, inclusive.	Work done from May 1, to December 31, inclusive.	Total done during 1840.
Section No. 258	405 50	129 00	534 50
265	2,675 66	4,645 80	7,321 46
268	6,985 00	21,059 25	28,044 25
269	3,331 92		3,331 92
272	7 51	5,769 61	5,777 12
274	130 00	11,162 45	11,292 45
275	1,080 17	3,801 85	4,882 02
276		3,889 28	3,889 28
279	7,819 00	10,133 25	17,952 25
281	1,213 00	1,672 68	2,885 68
293	8,838 30	15,309 00	24,147 30
294	3,126 95	21,940 20	25,067 15
296	833 56		833 56
Tunnel and deep cuts,			
Section No. 312	37,910 50	49,379 50	87,290 00
	16,722 90	50,334 05	67,056 95
	91,079 97	199,225 92	290,305 89

[B.]

Letter of Byrne and O'Neal, making proposal.

FREDERICK, January 2, 1841.

To the President and Directors of the Ches. and Ohio Canal Co.

Gentlemen—We the undersigned, hereby propose to complete every discription of work between Cumberland and Dam No. 6. which is now considered nesessary to the opening of the navigation of the canal, at the aggregate amount of the estimate of Chas. B. Fisk, Esq., of the cost of these fifteen miles in 1839, deducting of course the proper sum for works since finished, now under contract &c. The work to be built and finished conformably to the plans and specifications now in force. And we will either give security to the amount of \$100,000 and in that case the company to pay us in full for the work we do, or otherwise the company may retain from each individual work, until its completion, the usual 20 per cent which ever course may be most acceptable to the Directors.

We are, Gentlemen,

Respectfully your ob't servants
 MICHAEL BYRNE.
 PATRICK O'NEALL.

[C.]

Letter from Commissioners.

CHESAPEAKE BANK,

Baltimore, December 30, 1840.

Dear Sir:—Your favor of the 30th instant is received. Mr. Swan and myself are using every effort in our power to make sale of the sterling bonds conveyed to us to meet the currency notes issued by the Canal company. We have accepted evcry cash offer that has been made, and we have sold only £15,000 since I last saw you; this sale was at 84 3-4, Imp. Company off. We have offered to sell at 84, but have only been offered 82 1-2 for £5,000.

The Chesapeake Bank is now in advance to Mr. Swan and myself, as trustees, \$135,000. The Bank is preparing for payment.

The Legislature directed me to sell for the benefit of the Annapolis and Elkridge Rail Road company and the Susquehanna Rail Road company about \$800,000 of six per cent. stock, \$160,000 for the former and the balance for the latter. I found it impossible to sell any amount of this stock for money, and I then assumed the responsibility of selling for the liabilities of these companies that were intended to be paid from the sale of the stock.

It would have been impossible for me to have sold within the

last twelve months \$100,000 six per cent. stock of this state at par. The stock of the corporation of Baltimore (which many of our capitalists prefer to state stock) has been constantly pressed upon this market at 2 to 3 per cent. below par.

With much respect,

I remain your ob't servant,

JOHN S. GITTINGS.

Hon. F. THOMAS.

[D.]

Report of the Treasurer to the President and Directors of the Chesapeake and Ohio Canal Company, 1841.

To the President and Directors of the Ches. and Ohio Canal Co.

GENTLEMEN:—In obedience to your order, I herewith submit to your consideration, a statement of the disposition which has been made of the Maryland five per cent. bonds, by the Chesapeake and Ohio Canal Company, as a response to that part of the call of the House of Delegates of Maryland of the 30th ult. upon you, which it is my official province to answer, viz: "What amount of State bonds have been sold during the year 1840, to whom sold and at what price, and the number of bonds in the hands of the company unsold." I have given the subject matter of this call as much consideration as my very limited time permitted, and have, I believe, answered it to the minutest particular, and in the most ample form; as I have exhibited the disposition which has been made, not only of the bonds sold in 1840, but of the whole issue to the company: though my difficulties in giving this statement in so short a time, were greatly augmented by the fact of discovering, at the very outset of my investigation, several important errors in the official statements in regard to these bonds, made to the last General Assembly of Maryland, which made me less confiding in the books and accounts of my office, than the dispatch of business renders necessary, and constrained me to abandon the books as guides, and resort to the original papers which also were in a very confused state, and interspersed with the most contradictory memoranda. The account between Mr. Peabody, your late agent in London, and the Chesapeake and Ohio Canal Company is exhibited in the books in so meagre a form, that it would not have been possible for me to have given any thing like a full statement of the disposition which has been made of the bonds sent to Europe, had it not been for the original correspondence between Mr. Peabody and Baring, Brothers & Co. and the President of the Chesapeake

and Ohio Canal Company, which is retained in the office in a very destructible form. I therefore respectfully suggest, that you order the recording clerk to record this entire correspondence in the order of the dates of the several letters, as a supplement to the books in exhibiting the transactions of the company with your agents in Europe.

All of which is respectfully submitted.

SAMUEL TYLER,
Treasurer Ches. & Ohio C. Co.

Frederick, Jan. 6th, 1841.

[D. 1.]

Report of Treasurer in reference to a Register of the Md. Bonds.

Extract from the journal of proceedings of the President and Directors of the Chesapeake and Ohio Canal Company, on the 18th day of December A. D. 1839.

Ordered, That the Treasurer be directed to prepare a Register of all the 5 per cent sterling bonds issued by the State of Maryland for the use of this company, in which to enter the disposition made of each bond, separately.

Test, THO TURNER,
Clk. Ches. and Ohio Canal Co.

CANAL OFFICE.

Frederick City, January 8th, 1841.

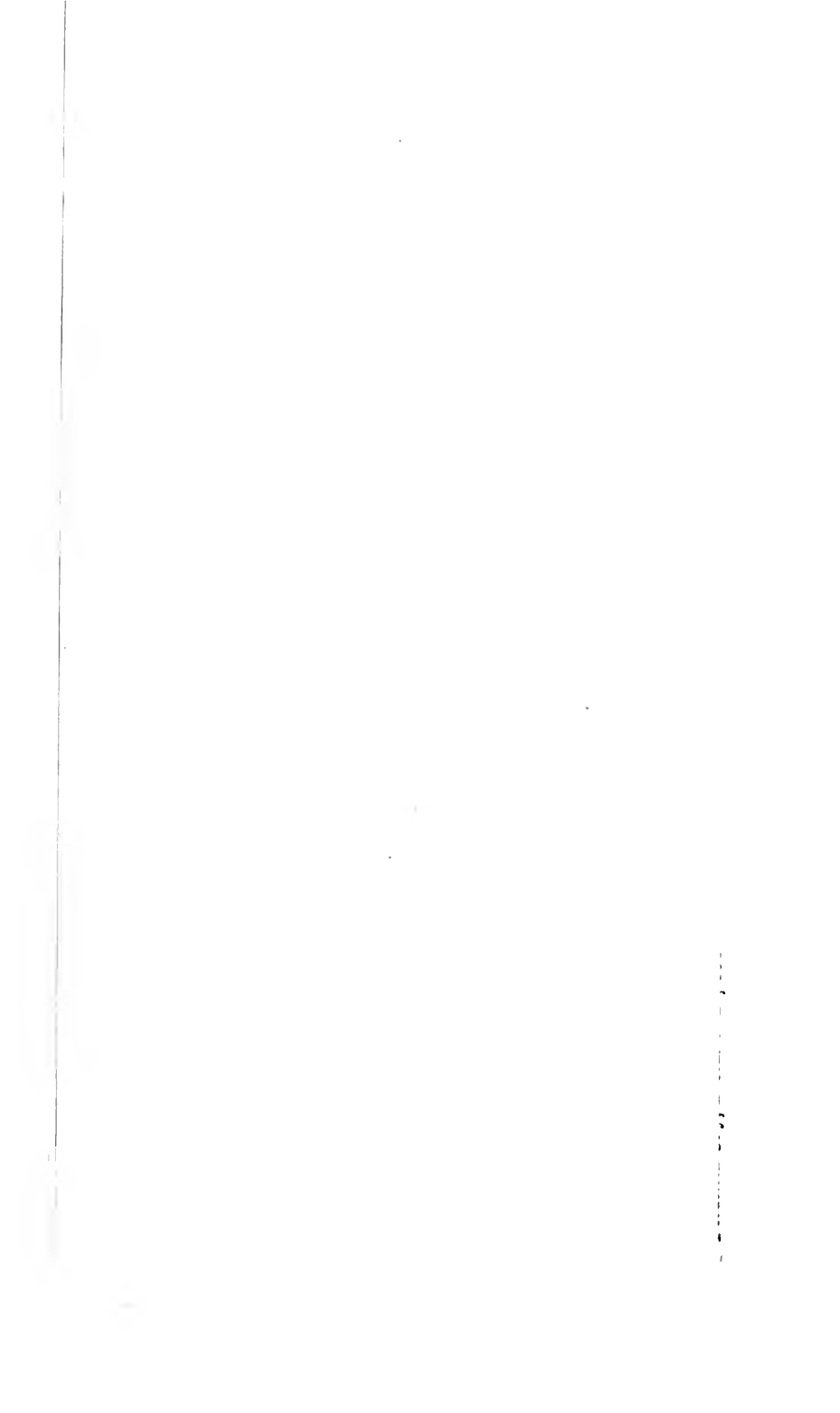
To the President and Directors of the Ches. and Ohio Canal Co.

Gentlemen—To your inquiry whether a Register in conformity with the above order has been made out by the late Treasurer, I answer, that no such register is among the books of this office. Such a Register would have facilitated my inquiries in regard to the disposition made of the 5 per cent sterling bonds, and should by all means have been made.

Respectfully,

SAMUEL TYLER, Tres. C. O. C. Co.

January 9th, 1841,



[D. 2.]—STATEMENT of the Treasurer of the Chesapeake and Ohio Canal, showing the disposition which has been made by the Chesapeake and Ohio Canal Company of the Five per Cent. Sterling Bonds issued to it by the State of Maryland, and exhibiting the proceeds of all which have been sold, and the equivalent of it in Baltimore current Bank notes, at the several dates of the various sales made of the same.

Date of sale.	Place of sale.	Amount sold.	Rate per cent. of sale.	Gross proceeds at place of sale.	Off interest from 1st July, 1839, to date of sale.	Net proceeds at place of sale.	Amount of ex- change.	Value in N. York sterling £ at 4 4/9.	Amount of ex- change.	Equivalent, ster- ling £ at 4 1/9.	Value in Baltimore, Baltimore current Bank notes.
					Time. Amount of 5 per cent.						
August 31, 1839,	London,	12,000	85	10,200	2 mos. 100	10,100	881 15	10,083 15		10,083 15	
do	do	10,000	84	8,400	2 " 8 6	8,316 14	727 14	9,014 8		9,014 8	
October 15,	do	18,000	80	14,400	3 1/2 262 10	14,137 10	1,343 1	15,180 11	14	2,167 5	17,647 16
do 31,	do	1,250	87	1,087 10	4 20 16	1,066 11	98 13	1,165 7	12 1/2	115 13	1,281
do	do	750	79 1/2	596 5	4 12 10	583 15	54	627 15	12 1/2	79 11	717 9
do	do	2,750	78 1/2	2,213 15	4 62 10	2,151 5	204 10	3,147 15	12 1/2	394 9	3,541 1
November 20,	do	12,750	72 1/2	9,180	4 1/2 247 18	8,932 2	803 18	9,736	12 1/2	1,217	10,953
do	do	7,000	71 1/2	5,005	4 1/2 178 11	4,826 9	447 19	5,304 8	12 1/2	663 1	5,967 9
do 25,	do	300,000	70	210,000	4 5 6 37,011 13	20,988 7	17,376 9	221,294 16	12 1/2	27,661 17	238,956 13
January 1, 1840,	do	207,000	70	144,900	6 3,622 10	141,277 10	12,008 11 9	153,285 1 9	8	12,262 17 8	165,548 19 5
do	do	71,500	73 1/2 43	52,551 12 9	6 1,321 7 1	51,230 5 5	4,780 6 6	55,913 11 11	8	1,473 1 9	60,785 13 8
November 14, 1839,	Fresh water county,	611,000		459,567 2 9	11,013 11 4	447,654 11 5	38,340 17 3	485,994 8 8		49,063 18 5	535,057 7 1
do	New York,	2,750	83 1/2	2,291 11	4 1/2 51 11	2,240 3		2,240 3		22 10 3	
do	do	25,000	66 1/2	16,500	4 1/2 408 15	16,091 5		16,091 5	12 1/2	2,003 18	18,095 3
do	do	6,000	67 1/2	4,020	4 1/2 112 10	3,907 10		3,907 10	12 1/2	488 8	4,395 18
do 18,	do	5,000	70 1/2	3,500	4 1/2 93 15	3,406 5		3,406 5	12 1/2	425 16	3,832 1
December 7,	do	11,000	67 1/2	7,480	4 1/2 262 10	7,217 10		7,217 10	12 1/2	1,139 11	10,257 1
do	do	6,000	70 1/2	4,200	4 1/2 131 5	4,068 15		4,068 15	11	417 11	4,486 6
do 31,	Baltimore,	2,250	67 1/2	1,507 10	4 1/2 19 1	1,488 6		1,488 6	11	160 8	1,648 11
do	Washington,	98,000	85	83,000		83,000		76,122	9	6,878	89,900
February 1, 1840,	do	15,500	87 1/2	13,175		13,175		12,087 3	9	1,087 17	13,175
March 1,	do	500	87 1/2	435	7 12 13 9	422 6 3		422 6 3			422 6 3
April 1,	do	1,500	85 1/2	1,275	8 127 10	1,147 10		1,147 10			1,147 10
May 1,	do	250	90	225	9 8 16 3	216 3 9		216 3 9			216 3 9
do	do	500	89	445		445		445			445
		£821,250		£602,371 6 9	£43,212 1 4	£559,159 5 5	£8,310 17 3	£619,514 5 8		£61,975 10 5	£681,209 6 1
		133,000		103,000		103,000		94,000		9,000	112,000
		50,000		40,000		40,000		36,000		4,000	44,000
		1,500		1,200		1,200		1,100		100	1,300
		£105,500		£82,500		£82,500		£75,000		£7,500	£90,000

N. B.—The £71,500 talanted above, are the Maryland 5 per cent. Sterling Bonds, which were exchanged for Pennsylvania and Ohio Bonds, by George Peabody. The Pennsylvania and Ohio Bonds were sold at several different times, and in various parcels, at different rates per cent. of sale; but upon equating the different rates of the several sales of the various parcels, they are found equivalent to a sale of the whole on the 1st January, 1840, and consequently they are equivalent to a sale on the same day of the Maryland Bonds, for which they were exchanged.—

The £51,000 Pennsylvania Bonds, delivered by George Peabody to Baring, Brothers & Co., and sold by them, are included. And the aggregate of all the sales is nearly 73 1/2 13 per cent. on the Maryland Bonds.

The difference in value between a 5 per cent. and a 6 per cent. bond, being 16 1/2 per cent., then the value (under the present appreciation of money to 6 per cent.) of the £821,250, sold by the Company, would be £696,875. The gross product of the sales, in specie, or its equivalent, is found under "value in New York," to be £619,514 5 8. Which sum reduced to Baltimore Bank currency, is found under "equivalent value in Baltimore," to be £681,209 6 1.

TREASURER OF THE CHESAPEAKE AND OHIO CANAL CO.
Frederick, January 1, 1841.
 SAM'L TYLER, Treas. C. and O. C. Co.

[D 4.]

Statement of the Treasurer of the Chesapeake and Ohio Canal Company, for the fiscal quarter year ending the 30th November.

1840. Nov. 30.	The aggregate receipt to this date do do to 31st Aug.	1840. Nov. 30.	The aggregate expenditures to this date do do to 31st Aug.	1840. Nov. 30.
Sept. 1st	Nett receipt in this quarter	10,213,163 91		10,046,198 09
	340,702 28, viz:	9,872,461 63		9,702,204 80
	Capital stock	156 17		
	Tolls	8,605 76		
	Notes bearing interest, 1840,	330 775 00		446 08
Sept. 1st	Geo. Peabody,	1,076 56		339,975 50
	Exchange on drafts upon him	88 79		955 92
	There remained to the credit of the Ches. and Ohio Canal Co. in Banks	340,702 28		373 84
	With the State of Maryland	50,256 83		350 00
		120,000 00		1,830 50
				31 45
				30 00
		170,256 83		343,993 29
				</

[D 3.]—*General Abstract of the Receipts and Expenditures of the Disbursements in the month of November, being the*

1840. Nov.		Receipts in the month	Aggregate Receipts
	To capital Stock	156 17	3,830,044 53
	State of Maryland		2,000,000 00
	Profit and Loss		3,286 27
	Acquisition of lands		1,669 76
	Baltimore and Ohio Rail Road Company.		268,723 02
	Construction of the Canal		6,807 20
	Engineer Department		2,500 24
	Interest		94,022 33
	Law Expenses		2,248 33
	Potomac Company—Gener- al Account		418 52
	Unpaid Dividends		366 30
	Tolls Account		26,017 20
	Tolls Account		258,163 13
	Water Rents		2,355 33
	Notes reissuable—under \$5		7,463 50
	\$5 and upwards		4,040 00
	Post Notes—1837		575 00
	1839		300,000 00
	1840		360,360 00
	George Peabody		2,187,568 36
	Exchange on Drafts upon him		190,389 44
	Maryland 5 per cent ster- ling bonds		634,645 45
	Maryland 6 per cent certifi- cates.		31,500 00
		156 17	\$10,213,163 91

Frederick City, Dec. 20th, 1841.

Chesapeake and Ohio Canal Company, and of the Receipts and last month of the second quarter of the fiscal year.

1840. Nov.	Disburse- ment in the month.	Aggregate Expenditure
By Incidental Damages		34 40
Contingent Expenses		933 79
Do of the Com. C. & O. C.		61,970 07
Acquisition of Land	79 29	398,722 51
Western Section		6,686 57
Construction of the Canal	500 00	8,498,411 37
Engineer Department		312,050 46
Interest		533,392 64
Law expenses	46 88	23,665 47
Potomac Company—Gen- eral Account		373 65
Unclaimed Dividends		88 80
Tolls Account		22,408 73
Tolls Account		1,222 38
Profit and Loss		30,418 09
Pay of Lockkeepers		35,652 36
Pay of Officers		104,161 12
Postages		1,735 86
Printing		10,297 17
Stationery	30 00	3,972 65
	656 17	10,046,198 00
By balances to the credit of the Ches. & Ohio Canal Co. in		
Bank of Washington	266 73	
Bank of Potomac—Alexan- dria	219 73	
Farmers and Mechanics Bank—George Town	92 12	
Chesapeake Bank—Balti- more	5,810 66	
Thomas Fillebrown Jr., Ag't	23,076 58	
Wm. Matthews—Com'r.	17,500 00	
	46,965 82	
With the State of Maryland	120,000 00	166,965 82
		<u>\$10,213,163 91</u>

E. E.

SAMUEL TYLER,
Treasurer, of Ches. and Ohio Canal Co.

[D. 5.]

Statement of sale of Bonds by Trustees.

Messrs. Swann & Gettings, in acconut with Chesapeake and
Ohio Canal Co. Dr.

To sterling bonds received of said company, viz :

From Bank of America, N. Y.	£52,000
“ “ of Washington, D. C.	10,000
“ Commissioner of Loans.	28,250

£90,250

Bond yet to be issued,

375

90,625

By bonds sold, viz :

Cr.

1840, 8th June, To Godfrey Patterson & Co. N. Y.	£10,000
“ “ “ to Peabody, Riggs & Co. Balt.	5,000
“ 22d “ to James Swann,	4,000
“ 27th “ to Hoffman & Co.	10,000
“ 22d Sep. to do	6,000
“ 22d Dec. to Peabody, Riggs & Co.	15,000

£50,000

Amount of bonds in hands of Trustees still,

40,250

£90,250

Add for bond yet to be issued

375

£90,625

Amount received for above bonds sold by Trustees viz:

£35,000 at 86 7	\$133,777 77
-----------------	--------------

15,000 at 84½ 7	\$56,500 00
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\$190,277 77

[E.]

Report of Collector General of Tolls.

CHESAPEAKE AND OHIO CANAL OFFICE,

Frederick, Jan. 6th, 1840.

To the President and Directors of the Ches. and Ohio Canal Co.

Gentlemen—In obedience to your order I beg leave respectfully to report, that I have examined the way bills and returns of the collector of Tolls at George Town, on the descending trade from 1st of September 1839, to September 1840, inclusive which were neglected by the late Treasurer of the company, and find errors amounting in all to eight hundred and thirteen dollars and sixty-two cents. I have not been able as yet to examine the returns and way bills on the ascending trade for the same period, but shall do so as soon as practicable and report the result of my examination as it progresses. The collector at George Town has been in attendance here at my request but was not able to give any explanation of the errors, but complained that the officer, who had the matter in charge ought to have attended to it and prevented him from committing such errors, as he had frequently requested him to settle his accounts.

All of which I respectfully submit.

EZRA HOUCK,

Collector Gen. of Toll, Ch & Oh. C. Co.

[F.]

Proceedings of Stockholders as to the issue of Scrip.

MONDAY, June 1, 1840.

According to the provision of the charter of the Chesapeake and Ohio Canal Company, the stockholders of the company assembled in general meeting at 12 o'clock, M. at the City Hall in the City of Washington, it being the twelfth annual meeting of the company.

PETER FORCE, Esq. Mayor of Washington, was appointed Chairman, and THOMAS FILLEBROWN, JR. Secretary.

Present the State of Maryland by her commissioners, Messrs. Key and Brooke,

The State of Virginia, by Dr. R. C. Mason,

The corporation of Washington, by the Mayor and Messrs. Carberry and Grammer,

The corporation of Alexandria by Messrs. Cazenove and Hooe.

The corporation of Georgetown by Clement Cox, Esq.

Also, several private stockholders

The President of the company, the Hon. Francis Thomas, stated the causes which prevented the presentation of the annual report at this time; and laid before the meeting copies of his letters to the governor of Maryland, dated the 9th day of November, 1839, and 10th February, 1840; which were laid on the table.

Mr. Thomas Carberry presented the memorial of George G. Johnson and others, contractors on the line of the canal, praying the stockholders to use their utmost influence to obtain a call of the Legislature of Maryland.

To the Stockholders of the Chesapeake and Ohio Canal Company, in meeting at Washington City, June 1, 1840.

Gentlemen:—We, the undersigned, contractors on the Chesapeake and Ohio Canal, beg leave to represent, that we view with the utmost dismay the ruinous and destructful consequences that must inevitably ensue to us, if the work we have on hand should be retarded or suspended for want of funds to carry it to final completion.

We beg leave to represent to you our respective conditions.—Our jobs are very heavy and important portions of the work, some of us have been engaged on them from three to four years; we have been at great cost in making roads, building our houses, fixing our families, building our shops, store houses, stables and the machinery, &c., necessary for the convenience of the work. A great number of our hands have built their shantees, fenced in their gardens, and have been at considerable expense, and would be literally ruined if the works were to stop. We have thus far continued to prosecute our work at great cost and through great difficulties. In the first place laborers were exceedingly scarce, some of us were under the necessity of sending our agents to Europe and elsewhere, at great cost, for the purpose of obtaining them; and we have been compelled to pay extravagant wages for years past. The cost of provisions rose to nearly double what they were when we made our contracts. Under all these disadvantages we have not been able to realize the smallest reward for our labor, and the difficulties we have encountered and the investments we have made; some of us have invested our whole capital in our jobs, and should we be kept agoing as circumstances have changed, we entertain a hope that we should be able to remunerate ourselves to some degree for past toils and difficulties.

We also beg leave to represent, that the work we have in hand could be finished by us at much less cost to the canal company than it would require if they should suffer the work to stop, and the laborers to leave the line, as they could not be easily induced to return. This has been too often tried to admit of a doubt.—Add to this the great amount of damages liable to be sustained by

leaving the works unprotected, and liable to be swept away by freshets

We, therefore, greatly deplore the course taken by the Legislature of Maryland, on whose good faith the company relied for the measures necessary to finish the work, and meet their engagements with us. We are, therefore, of the opinion that there can be no reasonable doubt but the Legislature, if convened, would provide efficient means to keep the work in progress.

We, therefore, beg leave to call on you as the stockholders of the canal company to use your utmost influence to have the Legislature of Maryland convened with as little delay as possible.

We beg leave to assure you that we are ready to co-operate with you in any way that you might think our co-operation would be of service.

Your contractors are men belonging to both of the great political parties, and are heartily sorry that political questions should be raised in matters of such vital importance to the state, and when the general good is at stake. Your contractors have but one opinion on this subject. We, therefore, beg leave respectfully to subscribe ourselves your obedient humble servants,

Geo. G. Johnson,
Geo. S. Marsh,
Thos. M. Maccubbin,
Geo. Gould,
Peter Bargey, Jr.
Wm. P. Sterrett,
George Hoblitzell,

James C. Lynn,
L. Montgomery,
Z. Gatton,
G. M. Watkins,
R. N. Watkins,
John Gorman.

Mr. Carberry also presented the memorial from William P. Sterrett and others, contractors on the line of the canal, asking the stockholders to direct the president and directors to continue the work now under contract on the canal, and to issue scrip for the payment of the monthly estimates thereon.

Mr. Carberry also presented a memorial of similar import from R. Hurley and others, merchants and citizens, residing in Cumberland, Md.

CUMBERLAND, May 18th, 1840.

To the Stockholders of the Chesapeake and Ohio Canal Co.

The undersigned, contractors on the Chesapeake and Ohio Canal, most respectfully represent, that they are aware of the embarrassed condition of the said company, and have been from time to time receiving what is commonly called acceptances of said company in payment for work of your petitioners done on said canal. Your petitioners suggest that acceptances having been given in large sums, your petitioners have experienced much difficulty in disposing of them without a great sacrifice and injury; and if the board should hereafter give acceptances in payment for work to be done, your petitioners have no doubt they would experience

much greater difficulty and inconvenience in using them. Your petitioners, contractors as aforesaid, pray that the stockholders will and may order and direct that hereafter the said board shall issue what is commonly called scrip, which your petitioners can with ease and convenience dispose of, and prosecute their work much better than with acceptance.

Wm P. Sterrett,
G. M. Watkins,
John Gorman,
Z Gatton,
Thos. M. Maccubbin,
James H Hoblitzell,
George S. Marsh,
Peter Bargey, Jr.

Geo. Hoblitzell,
Geo. G Johnson,
John Aldridge,
Wm. Whitman,
John Moore,
L. Montgomery,
Geo. Gould.

To the Stockholders of the Chesapeake and Ohio Canal Co.

We, the undersigned, merchants and others, citizens of Cumberland, Maryland, represent that they are aware of the embarrassed condition of said company, and are fully impressed with the belief, that the further issue of what is commonly called scrip by said company, to be used in the payment of work done by the contractors on said canal, will aid in the prosecution of said work and be a matter of great convenience to the community, and more especially to the hands and laborers of said contractors. The said company having heretofore issued what we term acceptances in large sums, the contractor finds it entirely out of his power to pay those who have sums against them; and if scrip in lieu of said acceptances, could be issued, all would feel the benefit of it, and the work would be pressed more certainly to completion.

Your petitioners, therefore, pray that said stockholders may direct and order that scrip may be issued by the board of directors, &c, and we ever pray, &c.

R Hurley,
N. P. Barnes,
Thos. R. C Martin,
Hollyday & Annan,
Jas. C. Contekon,
Wm Taylor,
Edward Armstrong,
P. O'Neill & Co.
G. Beall,

Hoblitzell & Shryer,
J. & B. M. Blocher,
Robert Read,
Jno. M. Carleton,
W. Herd,
John Swan,
Jacob Hoover,
Jno. W. Shultz & Co.

On motion of Mr. Key, the meeting then adjourned until 12 o'clock, M. to-morrow.

TUESDAY, June 2, 1840.

According to the order of the adjournment, the stockholders of the Chesapeake and Ohio Canal Company assembled in general meeting this day, Col. Peter Force, Mayor of Washington, in the chair.

Present the same stockholders as on yesterday.

Hon. Francis Thomas, president of the canal company, presented and read the twelfth annual report of the president and directors to the stockholders.

(Here follows the report.)

Mr. Key, of Maryland, offered the following resolution:

Resolved, That the annual report of the president, now presented, with the papers laid before the meeting yesterday, be referred to a committee of seven, to be chosen by the stockholders, and that all rules heretofore adopted for the government of the stockholders in general meeting assembled, inconsistent herewith, be, and the same are hereby rescinded and repealed.

Mr. Snowden, of Alexandria, offered the following, as a substitute for the above resolutions:

That the standing committee ordered to be appointed under the rule, be directed to take immediately into consideration the subject of the finances of the company and the means for carrying on the work, and report on that subject to a future meeting.

The question was taken on the adoption of the substitute by ayes and nays, and decided in the negative, as follows: Ayes 3,594 votes, nays 10,279.

The motion of Mr. Key was then modified by himself, to read as follows:

Resolved, That the annual report of the president, now presented, together with the papers laid before the meeting yesterday, be referred to a committee of seven, to be chosen by the stockholders, whose duty it shall be to report on the continuance of the work, and the issuing of scrip; and that all rules heretofore for the government of the stockholders in general meeting assembled, inconsistent herewith, be, and the same are hereby suspended.

The question was then taken on the adoption of the resolution as modified, and decided in the affirmative, by the following vote:

Ayes—The State of Maryland and the corporation of Georgetown.

Noes—The State of Virginia and the corporation of Alexandria and Washington.

On motion of Mr. Key, the following gentlemen were then appointed to be the committee:

A. C. Cazenove, of Alexandria, G. C. Grammer and Jacob Carberry, of Washington, H. G. S. Key and John B. Brooke, of Maryland, R. C. Mason, of Virginia, and Clement Cox, of Georgetown.

The meeting then took a short recess to enable the committee to attend to the duties assigned them, and on again calling to order, Mr. Key, from the committee, reported the following resolution:

Resolved, That the president and directors of the canal company be and they are hereby authorised and recommended to continue in progress the work now under contract on the line of the canal, and to issue their scrip in payment for the same, bearing an interest of six per centum per annum, and redeemable at any time not exceeding twelve months, when money for that purpose cannot be readily raised by a sale of Maryland State bonds at a reasonable rate: Provided, however, that the aggregate amount of said scrip so to be issued, shall not exceed the sum of two hundred and fifty thousand dollars.

Mr. Key moved to strike out the proviso, which motion prevailed, and on taking the question, the resolution as amended was passed without opposition.

WEDNESDAY, July 22, 1840.

Mr. C. Cox, on behalf of the committee of stockholders, moved the following resolution:

Resolved by the stockholders in general meeting, That the board of president and directors be and they are hereby instructed to consider the expediency of letting out the heavy unfinished work, particularly of masonry, on the line of the canal; not now under contract, and the further delay of which, may interfere with the opening of the canal in two years, and the feasibility of making contracts with competent contractors for the said work, at fair prices, payable at the pleasure of the company, in its notes, or obligations, at not more than twelve months, bearing interest. And if it shall be considered expedient and feasible, that the board be authorized to let out said work on said terms.

The question was taken on this resolution by ayes and noes, and rejected, as follows:

Ayes—The State of Virginia, the corporation of Washington, Alexandria and Georgetown, and Messrs. Barclay, Hendersor, Cazenove, Gunton, Force, and proxies Wiltberger, Naylor, Linthicum, C. Cox, proxies J. Carberry, Grammer and T. Carberry.

No—The State of Maryland.

[G.]

Copy of Lawyers opinion as to scrip.

The President and Directors of the Chesapeake and Ohio Canal Company. In meeting April 14th 1834.

Some doubts having been expressed as to the authority of the Canal company, to issue the notes of the company, of small denomination, as now proposed, it was ordered that the opinion in writing of Richard S. Cox and Robert J. Taylor be requested on that point.

Dear Sir :—The Board of Directors proposed to issue notes here inclosed, perhaps there may some hazard in this business -- The Board direct me, to refer this to you, and to request your opinion to the Board in writing. This pamphlet will refer you to the law, which by some, is considered inhibitory; and which carries with it severe penalties.

Respectfully,

J. H. BATON,
Prest. Ch. & Oh. C. Co.

To Messrs. RICHARD S. COXE and R. I. TAYLOR, Attor'y at Law,

Dear Sir :—Your favor of this day has been received. I have examined the charter of the Banking institutions enclosed by you, and although the vague language used, might induce the case you propose and amount to a prohibition to the company against using such notes as you contemplate, yet the same literal construction of the Law would equally interdict the issuing of a promissory note by any private partnership; the absurdity of such an interpretation therefore clearly indicates that such a prohibition was not contemplated and I am herefore of opinion that there is no law which would interfere with the issue by the Canal Company, of the notes which it is proposed to issue.

RICHARD S. COXE.

April 14th, 1834.

The charter of the Chesapeake and Ohio Canal Company containing no provisions to the contrary, I am not aware of any law by which they are prohibited from issuing their notes for any debt due, or to become due from them to contractors or other creditors payable to such creditors, or bearer, or order, for sums not less than five dollars.

The act of the Virginia Assembly of 2d December, 1785 prohibit only the circulation of private Bank notes.

The act of 24th Feb. 1816, applies only to associations and companies formed within the limits of the commonwealth, "for the purpose of discounting bills, notes, or other securities, for the payment of money, or other valuable things, and issuing notes, drafts or bills," for the purpose of dealing, trading or carrying on the business of a Bank!

The act of the 22d Feb. 1820 and 3rd of March 1821, though in other respects more compromiseive than the preceding—extend only to notes for sums less than five dollars

These acts are all that are in Virginia, and they are referred to, because the Canal Company holding its charter under the authority of that State, may on that account be held amenable to its law although the contemplated issue of notes may be made beyond its territorial limits.

The only act of Congress, of which I am informed, which bears on this subject, is the act to incorporate the subscribers to certain

banks in the District of Columbia, formed 3rd of March 1817, and to prevent the circulation of the notes of unincorporated associations within the said District.

The intention of this act is evinced by its title and by refering to the state of things existing at the time it was formed, was to prevent the issuing and circulation of the notes of unchartered banks.

The 29th section, the only one which bears on the subject, seems to me only to bear on the unchartered Banking Companies, the works associations and partnerships and companies of individuals could not have been intended to take incorporations nor is such their legal import.

I do not therefore think that the proposed issue of notes by the Chesapeake and Ohio Canal Company is within either the spirit or letter of this act.

The short period allowed prevents me from entering more fully into this subject, I do not however even think I have omitted any law which relates to this question.

R. J. TAYLOR

April 15th, 1834

[H.]

Proceedings of the President and Directors of the Chesapeake and Ohio Canal Company.

Commencing September 4th, 1839. Charles B. Fisk, Chief Engineer, being present, according to the order of the 28th ult. made a verbal report on the present situation of the work on the line of the canal After which it was ordered, that he make a written report to the board, on the 18th inst. in reference to the contemplated reduction of the force hereafter to be employed.

September 25th, 1839.

A report was made by the Chief Engineer, under the order of the 4th inst. relative to the proposed reduction of force employed on the line of the canal.

A letter was also received from him, proposing to reduce the number of engineers in the service of the company; the report and letter were laid on the table.

January 4th, 1840.

Resolved, That the Chief Engineer be directed to report what further reduction in the number of engineers, superintendants and other officers in the service of the company, can be made, so as to diminish as far as practicable their number, consistent with the interest of the company, and that he report further, the number and

names of those proposed to be retained to the board, with the compensation to be allowed to each.

January 22nd, 1840.

The President asked the attention of the board, to the subject of a reduction of the number and rate of compensation of the officers of the company, but the consideration of that subject was postponed until Friday morning next, at 11 o'clock, and it was ordered that the board will meet at that time for that purpose.

January 24th, 1840.

The Chief Engineer, under the order of the board of the 4th inst. made a report on the further reduction of the corps of engineers of the company.

The report having been read, it was ordered, that the line of the canal between dam No. 6, and Cumberland, be divided, for the purpose of its construction, into two divisions, the first extending from the said dam to the upper end of section No. 316, and the second, from the lower end of section No. 317 to Cumberland. That Ellwood Norris act as principal assistant engineer of the first division, and Joshua Gore as principal assistant engineer of the second division; that Israel Dickinson, Henry M. Dungan, Samuel H. Williams and Thomas L. Patterson, be continued as assistant engineers; That Benjamin F. Brannan, James R. Young and Fenton M. Henderson be continued as rodmen; that A. B. McFarland be continued as superintendent of masonry, at the rate of compensation now paid to assist superintendents of masonry, and in the event that he shall decline the place, then Duncan Grant shall be continued as a superintendent of masonry, and Joseph Knode, Morgan Snively, Thomas Snyder, James M. Cashing and George Young be continued as superintendents of sections.

It was further ordered, that from and after the first day of March next, the services of the following named officers shall be dispensed with, viz: John A. Byers and Charles H. Randolph, as principal assistant engineers, Thomas Gore, as Rodman, Wm. Hurd as an assistant superintendent of masonry, A. B. McFarland as Superintendent of masonry, unless he shall accept the rate of compensation this day determined upon, in which event the services of Duncan Grant as assistant superintendent of masonry shall be dispensed with, and William T. Windsor and James Thompson as superintendents of sections. Also that the services of Fitzhugh Coyle, as rodman, be dispensed with, as soon as the business in which he is now engaged, shall be completed.

It was further ordered, that Richard S. McCulloch be appointed a rodman, and D. Logan a superintendent of Masonry from the first day of April next, and that when circumstances may require the services of axe-men, a number not exceeding four of them, may be appointed.

Ordered, that the compensation of the chief engineer, be reduced to the rate of four thousand dollars per annum, from the first day of February next.

Ordered, that William H. Bryan, now acting as the clerk of the chief engineer, be appointed commissioner of the canal company, from and after the first day of February next, and that he perform the duties of clerk to the chief engineer, as well as those of the commissioner.

Ordered, that the compensation now paid to M. C. Sprigg, as commissioner, be continued to be paid to him until the first day of March next, to afford him time to settle up his accounts and to perform other duties heretofore imposed upon him by the orders of the Board.

Ordered, that the compensation to be paid to the four superintendents of the canal below dam No. 6, shall be at the rate of eight hundred dollars each, from the first day of February next, and that none of the superintendents be allowed to act as lock keepers.

September 16th, 1840.

The Board having taken into consideration the condition of the work on the line of the canal, and the policy of reducing the number of officers in the employment of the company, it was ordered, that from and after the 25th instant, there should be but one division of the canal, extending from dam No. 6 to Cumberland, and that Ellwood Morris act as principal assistant engineer, Henry M. Dungan and Thomas H. Patterson assistant engineers, and Benjamin F. Brannan and Jacob L. Schnively as rodmen, and that such number, not exceeding two, be appointed axemen, when their services are required; and that the services of all other principal assistants and assistant engineers, rodmen and axemen, now in the employ of the company, be dispensed with, from and after the said 25th instant.

It was ordered, that Wm O'Neill be appointed superintendent of the 2nd division of the canal, from and after the first day of October next, in place of William S. Elgin, and that the President be authorized to appoint some one lock keeper at lock No. now kept by said Elgin.

September 26th, 1840.

The President stated, that since the last meeting of the Board, he had been on the line of the canal, and that after making particular enquiries, as to the condition of the works now under contract, he had formed the opinion, that a further reduction of the number of officers, in the employment of the company, could be made with advantage to the interest of the stockholders.

Two aqueducts, one culvert, five locks, fifteen sections, the tunnel and deep cut, and a dam at Cumberland are the only works

now in progress. Of these eight sections, the culvert, five locks, and one aqueduct, are nearly completed.

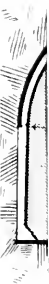
In this state of the work, under contract, the President expressed the belief that all the officers in the employment of the company were not needed. He thought that the duties of the chief engineer and principal assistant, could be performed by one person, and that the services of either Mr. Fisk, or Mr. Morris, could be dispensed with.

The President respectfully recommended also, that the office of clerk to the chief engineer, should be abolished, and that the chief engineer should be directed to dispense with the services of two superintendents, so soon as sections No. 268, 274, 275, 279, 281, 312, 320 and 367 are completed, and one superintendent of masonry, when the culvert, aqueduct No. 11 and locks No. 55, 72 and 73, are finished.

Whereupon it was ordered, that Ellwood Morris be and he is hereby appointed chief engineer to the Chesapeake and Ohio Canal Company, from and after the first day of October next, with all the powers and duties now vested in and devolved on the chief engineer and principal assistant.

Resolved also, that the office of clerk to the chief engineer be abolished, and that the chief engineer out of his own salary, compensate such clerk, or clerks, as he may require.





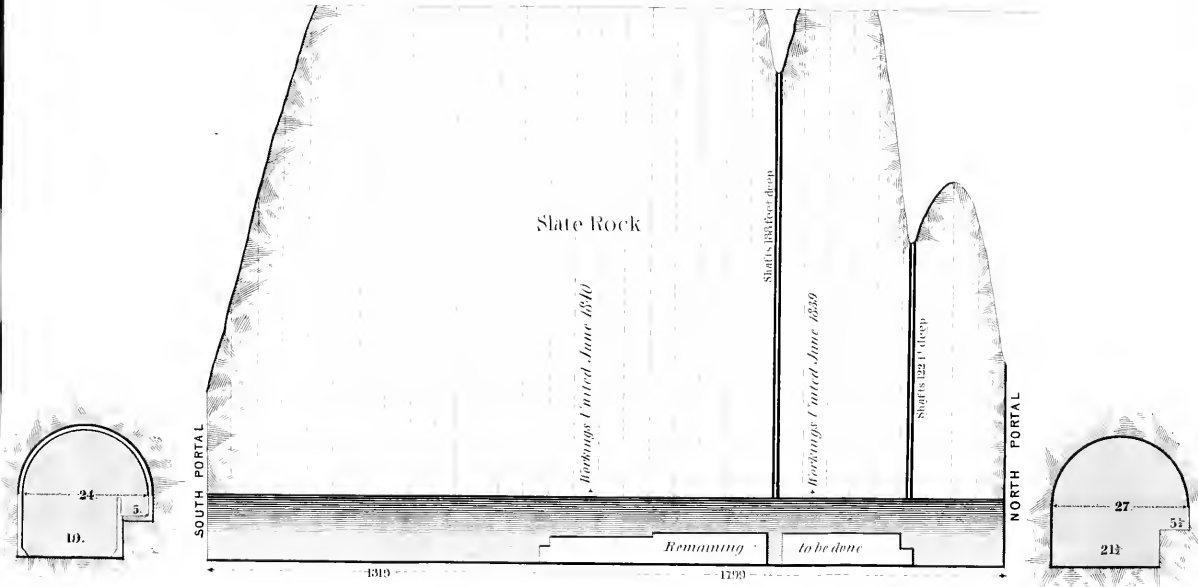


Fig. 3.

Fig. 1. Tunnel 3118 Ft.

Fig. 2.

